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 FM AMEMBASSY KABUL  
 TO RUEHC/SECSTATE WASHDC 2815  
 INFO RUHOL/AMEMBASSY BONN 0029  
 RUFKB/AMEMBASSY BERLIN 0034  
 RUOTY/AMEMBASSY LONDON 1461  
 RUSBD/AMEMBASSY ISLAMABAD 0464  
 RUEHMO/AMEMBASSY MOSCOW 1483  
 RUSBAE/AMEMBASSY NEW DELHI 0365  
 RUEHOT/AMEMBASSY OTTAWA 0009  
 RUQHR/AMEMBASSY TEHRAN 0008

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 C O N F I D E N T I A L SECTION 1 OF 2 KABUL 2052

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E.O. 12065: GDS 3/17/84 (GRADER, C.R.) OR-M  
 TAGS: PEPR, ZAID, AF, US  
 SUBJ: USAID DIRECTOR'S MEETING WITH REPRESENTATIVES OF OTHER  
 BILATERAL AID DONORS IN AFGHANISTAN

(C- ENTIRE TEXT)

1. SUMMARY. DURING PAST TEN DAYS, USAID DIRECTOR MET IN KABUL WITH AID DONOR REPRESENTATIVES FROM BRITISH, GERMAN, CANADIAN AND INDIAN EMBASSIES TO EXPLAIN RECENT PRESIDENTIAL DECISION REDUCING U.S. AID TO AFGHANISTAN AND TO ELICIT THEIR VIEWS ABOUT THE FUTURE USAID POSTURE. ALL BELIEVED THAT THE U.S. DECISION TO CUT BACK ON ITS AID PROGRAM WAS INEVITABLE IN LIGHT OF THE CIRCUMSTANCES SURROUNDING AMBASSADOR DUST'S DEATH. MOST ALSO BELIEVED THAT THE DRA WOULD INCREASINGLY BECOME DISILLUSIONED WITH THE SOVIETS. ALL COUNSELLED THE U.S. TO CONTINUE TO MAINTAIN AN AID PRESENCE IN AFGHANISTAN. END SUMMARY.

.. MEETING WITH MR. HANSPETER DISDORN, COUNSELOR, FRG: THE WEST GERMAN DCM APPEARED KEENLY INTERESTED IN THE SIGNIFICANCE OF THE U.S. CUTBACK OF AID TO AFGHANISTAN AND EXPLICITLY WANTED TO KNOW WHETHER THE U.S. INTENDED TO TERMINATE ASSISTANCE TO AFGHANISTAN. AFTER THE AID DIRECTOR EXPLAINED THE IMPLICATIONS OF THE PRESIDENTIAL DECISION TO CUT BACK BUT NOT TERMINATE U.S. ASSISTANCE TO AFGHANISTAN, DISDORN SAID THAT, UNDER THE CIRCUMSTANCES, HE AGREED THE DECISION WAS NECESSARY, EVEN IF REGRETTABLE. HE SAID THE WESTERN EUROPEAN COUNTRIES BELIEVE THERE IS STILL A REASONABLE CHANCE THAT AN INDEPENDENT AFGHANISTAN CAN EMERGE, AND, THEREFORE, CONCLUDE THAT THE WEST SHOULD MAINTAIN ITS AID PROGRAMS TO OFFER AFGHANISTAN ANOTHER OPTION-- AN ALTERNATIVE OPENING. HE SAID THAT ONE OR TWO WESTERN COUNTRIES WITHOUT THE U.S. WAS NOT A REAL ALTERNATIVE, AND URGED A CONTINUED U.S. AID PRESENCE.

DISDORN ALSO SAID HE BELIEVED THAT THE DRA WOULD BECOME INCREASINGLY DISILLUSIONED WITH THE SOCIALIST COUNTRIES. HE CITED A RECENT EXAMPLE CONCERNING A DM15 MILLION AGREEMENT WITH EAST GERMANY. WHEN THE PRELIMINARY AGREEMENT WAS SIGNED LAST AUGUST, THERE WAS MUCH PUBLICITY ABOUT THE SOCIALIST BROTHERHOOD AND FOREIGN ASSISTANCE. WHEN THE FINAL AGREEMENT WAS WORKED OUT IN LATE FEBRUARY, IT WAS SEEN TO BE A BASICALLY COMMERCIAL AGREEMENT WITH TERMS OF EIGHT YEARS AT 7 PERCENT. MOREOVER, MANY OF THE EQUIPMENT PRICE QUOTATIONS WERE VERY HIGH. MR. DISDORN SAID THE AFGHANS WERE ASTONISHED AND EXTREMELY ANGRY. HE SAID HE HAD TALKED TO A GDR OFFICIAL CONCERNED WITH THE TRANSACTION WHO WAS SURPRISED BY THE AFGHAN REACTION, AND RHETORICALLY ASKED, "DO THEY EXPECT GIFTS?". (COMMENT: A UNDP OFFICIAL HAS TOLD US THAT AN EAST GERMAN ADVISOR RECENTLY THREW COLD WATER OVER AN AFGHAN PLAN TO REPLACE ALL WEST GERMAN EDUCATIONAL PERSONNEL HERE WITH EAST GERMANS. HIS REPORTED RESPONSE WAS: "NO, YOU WON'T.")

3. MEETING WITH BRITISH AMBASSADOR K.R. CROOK: THE MEETING WAS REQUESTED BY MICHAEL HOWELL, FIRST SECRETARY AND HEAD OF CHANCERY, WHO WAS ALSO PRESENT AT THE MEETING. BOTH WERE FAMILIAR WITH THE DETAILS OF THE WHITE HOUSE PRESS RELEASE ANNOUNCING THE U.S. CUTBACK OF AID TO AFGHANISTAN. AFTER POSING DETAILED QUESTIONS ON THE IMPLICATIONS OF THE AID CUT BACK FOR SPECIFIC PROJECTS, AMBASSADOR CROOK ASKED IF THE PRESS RELEASE'S STRESS ON THE U.S. CUTBACK BEING THE RESULT OF A CONTINUING REVIEW OF U.S./AFGHAN RELATIONS IMPLIED A BASIC CHANGE IN U.S. POLICY TOWARDS AFGHANISTAN--SPECIFICALLY DID THE U.S. STILL BELIEVE IT WAS WORTHWHILE TO MAINTAIN A U.S. AID PRESENCE TO OFFER AFGHANISTAN AN ALTERNATIVE TO RELIANCE ON THE SOVIET BLOC? THE USAID DIRECTOR REPLIED THAT WHILE U.S. ASSISTANCE POLICY WAS UNDER CONTINUING REVIEW, THE DECISION TO CONTINUE OUR ONGOING AID PROJECTS STOPPED WELL SHORT OF WITHDRAWING OUR AID PROGRAM AND ALLOWED A CONTINUED AID PRESENCE. AMBASSADOR CROOK ASKED IF THERE WAS ANY INDICATION THAT THE U.S. DESIRED OTHER WESTERN COUNTRIES TO CHANGE THEIR AID POLICY TOWARD AFGHANISTAN. THE USAID DIRECTOR SAID NONE OF WHICH HE WAS AWARE.

AMBASSADOR CROOK SAID HE PERSONALLY BELIEVED THAT THE U.S. DECISION TO CURTAIL AID WAS THE ONLY POSSIBLE ONE IN THE FACE OF THE DRA'S SHAMEFUL HANDLING OF AMBASSADOR DUFF'S ABDUCTION, BUT HE BELIEVED IT NONETHELESS UNFORTUNATE THAT A DRASTIC REDUCTION IN U.S. AID WAS NECESSARY. HE SAID THAT HE WAS CONVINCED THERE WOULD BE SIGNIFICANT CHANGES IN DRA POLICY AS THEY BECAME DISILLUSIONED WITH THEIR CLOSE TIES TO THE SOVIET BLOC. FOREIGN AID WAS THE ONLY BILATERAL RELATIONSHIP OF ANY IMPORTANCE IN AFGHANISTAN. HE EXPRESSED THE HOPE THAT THE U.S. WOULD CONTINUE TO MAINTAIN AN AID PRESENCE. HE BELIEVED THAT IT COULD BE VERY DIFFICULT TO REESTABLISH A U.S. AID PROGRAM ONCE TERMINATED; ON THE OTHER HAND, MAINTAINING AN AID PRESENCE WOULD PERMIT THE DRA TO GRADUALLY INCREASE ITS RELATIONS WITH THE WEST IF IT SO DESIRED. CONSEQUENTLY, HE SAID HE BELIEVED THAT MAINTAINING A WESTERN OPTION WAS DESIRABLE AND IMPORTANT. HE SAID OUR POLICY DECISION TO DRASTICALLY CUT BACK U.S. ASSISTANCE WOULD HAVE FAILED IF IT ONLY SERVED TO PUSH AFGHANISTAN INTO GREATER RELIANCE ON THE USSR.

AMBASSADOR CROOK SAID HE DID NOT BELIEVE THE DRA WOULD REACT IN A HOSTILE FASHION TO THE U.S. AID CUTBACK. HE SAID HE BELIEVED THE DRA LEADERSHIP WAS IN SERIOUS TROUBLE, AND WAS UNLIKELY TO TAKE ON ADDITIONAL PROBLEMS BY REACTING DIRECTLY TO THE U.S. CUTBACK.

4. MEETING WITH MR. E. YENDALL, FIRST SECRETARY (DEVELOPMENT), CANADIAN EMBASSY IN ISLAMABAD: YENDALL CALLED ON THE AID DIRECTOR DURING HIS ROUTINE SCHEDULED VISIT TO KABUL FROM ISLAMABAD. HE WANTED TO KNOW THE IMPLICATIONS OF THE RECENT

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FM AMEMBASSY KABUL

TO RUEKJ/SECSTATE WASHDC 2816

INFO RUHOL/AMEMBASSY BOMB 0636

RUHMB/AMEMBASSY BERLIN 0635

RUOT-/AMEMBASSY LONDON 1462

RUEKNO/AMEMBASSY MOSCOW 1484

RUSBGO/AMEMBASSY ISLAMABAD 0465

RUSBAE/AMEMBASSY NEW DELHI 0366

RUEHOT/AMEMBASSY OTTAWA 0010

RUOHM/AMEMBASSY TEHRAN 0009

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aid cutback in AFGHANISTAN. HE SAID THAT HIS EMBASSY VIEWED THE U.S. AID CUTBACK AS A REASONABLE REACTION TO THE CIRCUMSTANCES SURROUNDING AMBASSADOR DUBS' DEATH, BUT HAD NOT CHANGED THEIR EARLIER VIEW THAT A U.S. AID PRESENCE IN AFGHANISTAN WAS DESIRABLE. HE SAID THAT HIS OWN GOVERNMENT'S AID POLICY TOWARDS AFGHANISTAN HAD BEEN UNDER REVIEW FOR MORE THAN A YEAR, BUT NO CLEAR POLICY DECISION HAD YET BEEN TAKEN AS TO FUTURE AID PROGRAM DIRECTIONS.

1. MEETING WITH INDIAN AMBASSADOR S.K. SINGH: AFTER THE AID DIRECTOR BRIEFED AMBASSADOR SINGH ON THE IMPLICATIONS OF THE PRESIDENTIAL DECISION CONCERNING THE USAID PROGRAM, SINGH SAID THAT HE UNDERSTOOD AND WAS SYMPATHETIC TO THE U.S. POLICY DECISION. HE SAID THAT HE BELIEVES THE U.S. STATEMENTS EMPHASIZING THAT THE AID CUTBACK WAS THE RESULT OF AN "ONGOING EVALUATION" AND MINIMIZING ITS RELATIONSHIP TO THE CONDITIONS SURROUNDING THE AMBASSADOR'S DEATH WAS UNFORTUNATE. HE ALSO SAID HE FAILED TO UNDERSTAND OUR ANNOUNCED DECISION TO TERMINATE THE INET PROGRAM SINCE IT WAS ALREADY WELL KNOWN THAT THE DRA HAD REJECTED THE PROGRAM.

SINGH GOOD-NATUREDLY CHIDED THE U.S. FOR A LACK OF PATIENCE SOMETIMES, WHICH HE FELT WAS VERY MUCH CALLED FOR UNDER PRESENT CIRCUMSTANCES. HE SAID A GREAT MANY PEOPLE IN THE KHALQI PARTY ARE DISSATISFIED WITH PRESENT POLICIES OF THEIR LEADERSHIP AND ARE ANXIOUS FOR CHANGE. HE DOES NOT SEE MUCH ANTI-WESTERN SENTIMENT EXCEPT AT THE VERY HIGHEST LEVEL OF THE GOVERNMENT, SPECIFICALLY AMONG THE TOP TWO OR THREE. WHEN GUERIED ABOUT DR. SHAH WALI, HE SAID HE WAS NOT CERTAIN OF WHERE HE STOOD, BUT THAT SHAH WALI WAS VERY CLEARLY TERRIBLY IMPRESSED WITH THE SOVIET SYSTEM. NEVERTHELESS, HE SAID THAT DISILLUSIONMENT WITH THE SOVIET BLOC WAS INCREASING DRAMATICALLY WITHIN THE GOVERNMENT. HE BELIEVES THE SOVIETS, IN TURN, MAY HAVE BITTEN OFF A BIGGER MOUTHFUL THAN THEY AT FIRST REALIZED. HE DOUBTED IF THE SOVIETS WANTED THE U.S. ENTIRELY OUT OF AFGHANISTAN.

WITH REGARD TO THE LIKELY DRA REACTION TO OUR AID CUTBACK, SINGH SAID HE HAD NOT YET RECEIVED ANY INDICATION OF THIS. HE SAID HE DOUBTED VERY MUCH IF THERE WILL BE ANY IMMEDIATE REACTION, JUST HARDER TO GET APPOINTMENTS WITH DRA OFFICIALS, ETC. HE SAID THE DRA CERTAINLY EXPECTED SOME U.S. REACTION TO THE AMBASSADOR'S DEATH. HE BELIEVED THE CURRENT INTERNAL SITUATION IN AFGHANISTAN WAS SIMPLY TOO DELICATE FOR THE DRA TO REACT STRONGLY TO THE U.S. AID CUTBACK EVEN IF IT WAS INCLINED TO DO SO. IF THERE IS A REACTION, HE SAID IT WILL BE AN IRRATIONAL ONE.

WITH REGARD TO THE FUTURE USAID POSTURE, SINGH SAID HE STRONGLY FAVORED THE U.S. CONTINUING TO MAINTAIN AN AID PRESENCE. HE SAID HE DOES NOT BELIEVE THAT A U.S. AID PRESENCE GIVES ANY SIGNIFICANT RESPECTABILITY TO THE REGIME. WHILE HE SAID HE WOULD NOT WANT TO JUDGE WHAT U.S. INTERESTS IN THE GULF AREA MAY REQUIRE, HE SAID HE BELIEVED U.S. INTERESTS IN A STABLE REGION ARE FURTHERED BY MAINTAINING AN AID PRESENCE. HE DID NOT BELIEVE THIS AID LEVEL HAD TO BE LARGE, AND, IN FACT, BELIEVED THE U.S. SHOULD KEEP IT MODEST FOR THE IMMEDIATE FUTURE, LEAVING ANY INITIATIVE FOR EXPANSION WITH THE DRA. HE COUNSELLED A LOW U.S. PROFILE, BUT DEFINITELY A PRESENCE. HE CONCLUDED BY NOTING THAT ANYTHING COULD HAPPEN IN THE NEXT YEAR OR SO, AND THAT IT PROMISES TO BE A VERY INTERESTING, IF DIFFICULT, PERIOD. AMSTUTZ

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